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Multi-year funding framework

Update on the multi-year funding framework and revised integrated resources framework

Summary

The 2000-2003 integrated resources framework presented in document DP/1999/30 has been revised, taking into account actual 2000 performance and updated projections for 2001-2003. The present report presents the revised integrated resources framework (2000-2003) and highlights some of the implications for UNDP.

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I. INTRODUCTION

1. At the third regular session 2000 of the Executive Board, the Administrator presented his report on the updated allocation framework and the multi-year funding framework (DP/2000/31). In its decision 2000/24, the Board agreed to consider a revised integrated resources framework (IRF) in conjunction with the biennial budget for 2002-2003 at the current session. The IRF for 2000-2003 presented in document DP/1999/30 has accordingly been revised to take into account actual 2000 performance and updated projections for 2001-2003.

II. REVISED 2000-2003 INTEGRATED RESOURCES FRAMEWORK

2. As noted in document DP/1999/30, the MYFF consists of two components: the strategic results framework (SRF) and the IRF. The IRF brings together all funding sources covering programme, programme support, management and administration and support to operational activities of the United Nations.

3. In its decision 99/23, the Executive Board requested the Administrator to submit every year an updated IRF, so as to provide a dynamic status of the overall resources of UNDP based on the most recent information and projections. The table below presents the updated IRF. The IRF covers both regular and other resources. Regular core resources cover voluntary contributions that are co-mingled and untied, related interest earnings and miscellaneous income. Other resources relate to resources mobilized for specific programmes within UNDP focus areas and for reimbursements to cover the cost of services provided by UNDP.

4. Based on the levels of voluntary contributions to regular resources in 1999 and 2000, the projections for 2002 and 2003 noted in document DP/1999/30 of $1.0 and $1.1 billion respectively have been adjusted to $800 and $900 million respectively. These will become the revised income projections for the biennium 2002-2003, amounting to a regular resource base of $1.7 billion for the biennium. This reflects a two-year delay in achieving the voluntary-contribution targets as initially envisaged. Based on recent increases by the majority of donors, the level of voluntary contributions is expected to increase in 2001 after annual declines over eight consecutive years. This turnaround needs to be sustained to place the organization on a more sound financial footing. For the four-year period 2000-2003, voluntary contributions to regular resources are now projected at $3.0 billion.

5. As noted in the budget estimates for the biennium 2002-2003 (DP/2001/21), UNDP has gradually evolved into a multifunded organization. Over the years, other resource contributions, i.e. non core, have grown significantly. In 2000, other resources amounted to $1.5 billion, comprising $571 million in third-party co-financing (trust funds and third-party cost-sharing) and $933 million in programme country cost sharing. The role of other resources was also fully recognized at the Ministerial meeting in September 2000. In his statement to the Executive Board at its third regular session 2000, the Administrator noted that current Official Development Assistance (ODA) trends called for a more realistic presentation of different types of resources; he will address this in the context of the 2002-2003 support budget.

6. In arriving at the most realistic presentation of UNDP resources, the relevant source of funding was the defining factor. Third-party co-financing is deployed internationally for development priorities outside the country of the contributor, while programme-country cost-sharing finance projects in the home country of the contributor. Furthermore, donors of the Development Assistance Committee of the Organization for Economic Development and Co-operation now participate broadly in third-party co-financings. An appropriate presentation is therefore to reflect regular resources and the category of other resources relating to third-party contributors as a distinct category of donor funding, separate from local resources provided by programme countries themselves. Total UNDP resources will therefore comprise the sum of donor and local resources. Accordingly, the IRF in the table

below includes a subtotal of donor resources comprising regular resources and the third-party co-financing category of other resources while the programme-country cost-sharing category of other resources is shown separately as local resources. The chart below depicts the IRF by harmonized budget categories.

7. The total income projections underlying the IRF for the period 2000-2003 amount to $9.4 billion, comprising: $5.6 billion in donor resources, of which $3.0 billion is projected for voluntary contribution levels to regular core resources; $2.6 billion in the third-party co-financing category of other resources; and $3.8 billion in programme-country cost-sharing. As reflected in table 1 projected expenditures are estimated at:

(a) Donor resources: $4.4 million relating to the programme, $0.7 billion for programme support; $0.2 billion for management and administration; and $0.3 billion for support to United Nations operational activities;

(b) Local resources: $3.6 billion relating to the programme and $0.2 billion for programme support and management and administration.

8. As a percentage of total donor resources, the net support budget covering all budgetary categories amounts to 21 per cent. UNDP has been able to maintain this low percentage by intensive downsizing and real-term reductions in its regular support budget. This has without doubt had an impact on the capacity of the organization that is financed through regular resources. The erosion in regular resources over the past years has severely impaired the ability of UNDP to produce the development outcomes envisioned in the country cooperation frameworks (CCFs) and in the strategic results framework (SRF) of the MYFF. This has had a particularly adverse impact on the struggle of low-income countries against poverty. The consequences of the funding shortfall also threaten the ability of the organization to sustain a strong global platform and a universal country presence on behalf of the United Nations system and the international community at large.

9. Regular, core resources remain the bedrock of UNDP, enabling it to serve as the operational arm of the United Nations at the country level and preserving its fundamental, multilateral character. While UNDP has become a multifunded organization, regular core resources provide the funding base for UNDP country presence and the country-driven programme focus. Other resources provide an important complement to core funding, but the two are not interchangeable. It is therefore crucial to place UNDP on a stable financial footing as regards both regular and other resources.

Integrated resources framework 2000 - 2003

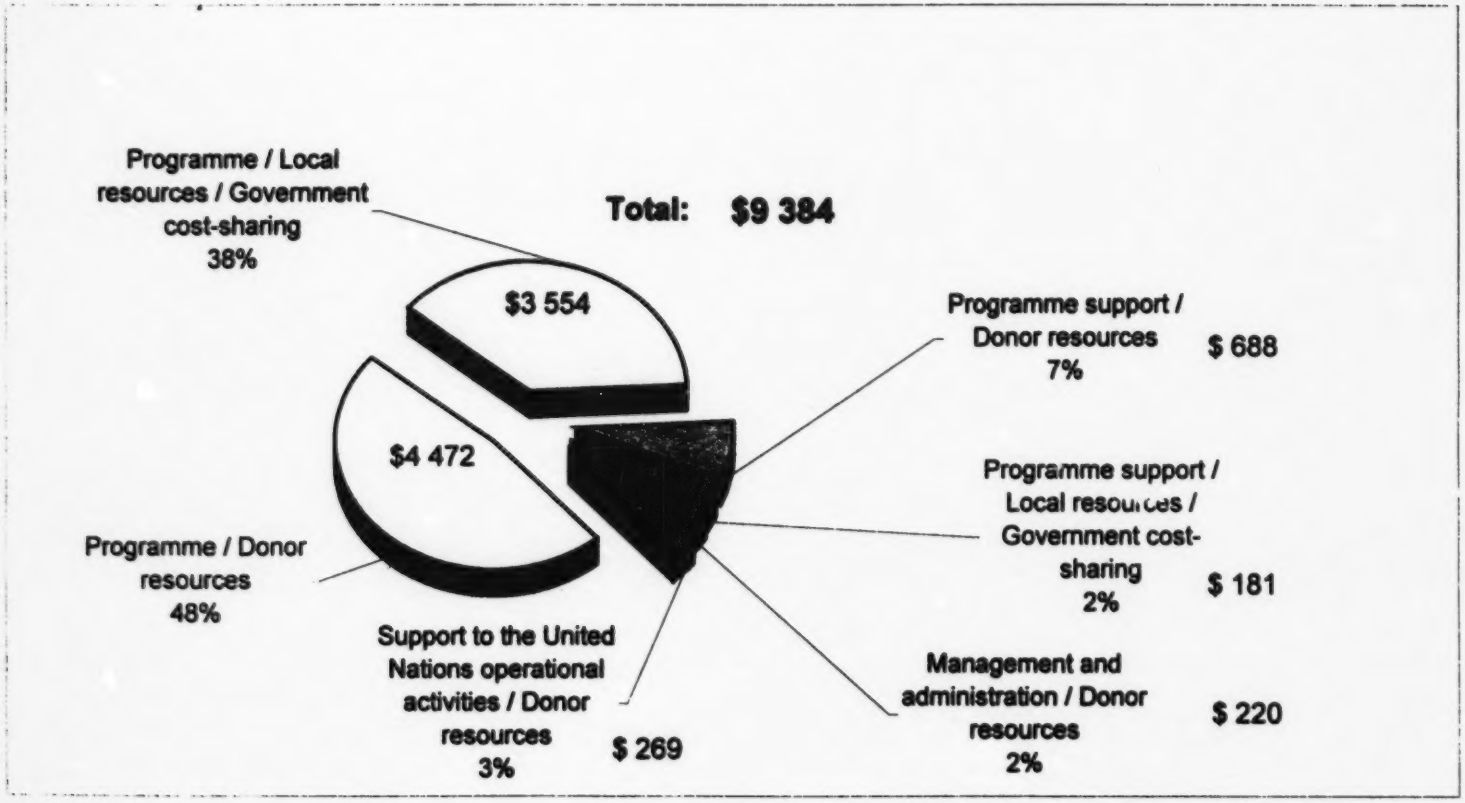
(millions of dollars)

Category	Programme					Programme support								Management and administration	Support to United Nations operational activities	Grand total	%
	Donor resources			Local resources	Total	Donor resources						Local resources	Total	Donor resources	Donor resources		
	Regular resources	Other resources (co-financing)	Total donor resources	Other resources (government cost-sharing)		Regular resources				Other resources (co-financing) a/	Total donor resources	Other resources (government cost sharing) b/		Regular resources c/	Regular resources d/		
						CO	HQ	GLOC & others	Total								
Programme (Governance, poverty, environment, gender and special development situations)																	
Least developed countries	991	840	1 831	31	1 862	243	71	(28)	286	35	321	1	322			2 184	
Other countries	641	962	1 603	2 841	4 444	288	44	(67)	265	49	314	144	458			4 902	
Net contributor countries	-	11	11	678	689	12	2	(8)	6	1	7	36	43			732	
Sub-total	1 632	1 813	3 445	3 550	6 995	543	117	(103)	557	85	642	181	823			7 818	
Other	359	668	1 027	4	1 031	13	5	-	18	28	46	-	46			1 077	
Total	1 991	2 481	4 472	3 554	8 026	556	122	(103)	575	113	688	181	869			8 895	94.6%
Management and administration														220		220	2.3%
Support to United Nations																	
Programme support to Resident Coordinator					-								-		43	43	
Country offices					-								-		106	106	
DGO					-								-		5	5	
IAPSO					-								-		5	5	
UNV (net)					-								-		50	50	
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209	209	2.9%
Grand Total	1 991	2 481	4 472	3 554	8 026	556	122	(103)	575	113	688	181	869	220	209	9 324	100.0%

a/ Includes programme support/country offices at $80 million, and programme support/headquarters at $33 million.
b/ Includes programme support/country offices at $129 million, and programme support/headquarters at $52 million.
c/ Excludes management and administration for other resources, which amounts to $25 million ($10 million in co-financing; $15 million government cost-sharing)
d/ Does not reflect other resource activities for IAPSO and UNV.
e/ Covers, both for regular and other programme resources, regional and global programmes and other (Evaluation, TCDC activities, Programme of Assistance to the Palestine People, Development Support Services, etc.).
f/ Covers, for this column only, budget relating to Programme of Assistance to the Palestine People.

Abbreviations: DGO - Development Group Office; GLOC - Government contribution to local office costs; IAPSO - Inter-Agency Procurement Services Office; UNV - United Nations Volunteers

Resource allocation framework (2000-2003): Harmonized budget categories
(millions of dollars)


Programme / Local resources / Government cost-sharing 38%
Total: $9 384
$3 554
Programme support / Donor resources 7%
$ 688
$4 472
Programme support / Local resources / Government cost-sharing 2%
$ 181
Programme / Donor resources 48%
Support to the United Nations operational activities / Donor resources 3%
$ 269
Management and administration / Donor resources 2%
$ 220